

EAST AYRSHIRE COUNCIL

COUNCIL MEETING: 11 DECEMBER 2003

CORPORATE GOVERNANCE: REVIEW OF THE COUNCIL'S DECISION MAKING STRUCTURE

Report by Chief Executive

1. PURPOSE OF REPORT

- 1.1** To submit in accordance with an earlier decision of Council in terms of the previous review of the Council's decision making structure, a report inviting consideration of a review of the Council's existing decision making structure.

2. BACKGROUND

- 2.1** Following the Commission on Local Government (The McIntosh Commission) the Scottish Executive established two Advisory Panels. One of these Panels, the Leadership Advisory Panel (the McNish Panel) was charged with looking at decision making structures within Councils.
- 2.2** East Ayrshire Council in compliance with the requirements of the Leadership Panel established a Member/Officer Working Group to carry out a review of the Council's Decision Making Structure. The review included extensive public consultation including Council employees, Local Committees, Public Forums, Community Councils, local Community Representatives and general public advertisements.
- 2.3** The Council at its meeting on 14 December 2000 approved a revised structure for submission to the Scottish Executive.
- 2.4** The Council's proposals included a streamlined Committee decision making structure which provided for independent quasi-judicial decision making forums and for the further development of the scrutiny and audit functions within the decision making structure.
- 2.5** The Leadership Advisory Panel concluded that East Ayrshire Council had carried out a thorough and worthwhile review of its structures and had noted that the Council had been engaged in a process of incremental change over a number of years. The Leadership Panel noted that the Council would continue to systematically monitor the operation of the new arrangements and recommended that the Council carry out a formal evaluation of the system after a period of one year to eighteen months.

3. IMPLEMENTATION AND REVIEW

- 3.1** The revised decision making structure was implemented in August 2001 and the initial recommendation of Council was to undertake a subsequent review of the system after the experience of a full year's operation was available, ie after the summer recess of 2002.

3.2 However, the Council at its meeting on 24 October 2002 agreed that as a result of the relatively close proximity of the Council Elections in May 2003 to agree that any review of the existing decision making structure should follow the Council Elections in May 2003.

4. THE REVIEWED DECISION MAKING STRUCTURE

4.1 Information on the outcomes of the original review of the decision making structure are detailed in the Appendix to this report.

5. FURTHER REVIEWS OF DECISION MAKING STRUCTURE WITHIN THE CORPORATE GOVERNANCE FRAMEWORK

5.1 Since the last review, further progress has been made.

5.2 The Council has adopted a local Code of Corporate Governance covering five areas of Local Authority business:-

- Community focus;
- Service delivery arrangements;
- Structures and processes;
- Risk management and internal control;
- Standards of Conduct.

5.3 The Council's Corporate Governance arrangements are subject to annual review, the last report being submitted to the Policy and Resources Committee on 10 April 2003. As part of the ongoing development of the Council's Corporate Governance arrangements, the Council at its meeting on 8 May 2003 established a Corporate Governance Committee. The further strengthening of this Committee's terms of reference with regard to areas of Corporate Governance and Codes of Conduct will be the subject of a separate report for consideration at a further meeting of Council, along with a comprehensively revised Scheme of Delegation to take effect from 1 April 2004.

5.4 The proposed remit of the Corporate Governance Committee provides for the monitoring and the review of the efficiency and effectiveness of the Council's structures and processes together with Standards of Conduct.

6. AN EAST AYRSHIRE STANDARDS COMMITTEE AND THE ETHICAL STANDARDS AND PUBLIC LIFE ETC (SCOTLAND) ACT 2000

6.1 The Council will note from the Appendix to the report the outcome of the original review in regard to the establishment of a Standards Committee. The decision of the Council at that time not to establish a Standards Committee would appear to have been appropriate given that following a recent Officer review with East Ayrshire Council's "Family" of Councils together with Edinburgh and Glasgow Councils (12 in total) it was ascertained that four Councils did not have a Standards Committee, two Councils which had originally established a Standards Committee have subsequently discontinued this Committee as a result of the Ethical Standards and Public Life Act coming

into force and two other Councils have established a Committee similar to East Ayrshire Council's Corporate Governance Committee to provide advice on Standards of Conduct. Four Councils did not respond.

7. CONCLUSION

7.1 In light of the Council's commitment and recent development of its Corporate Governance arrangements, which are themselves subject to annual review, it is suggested that the requirement to carry out a further separate review of the decision making structure at this time is not required.

7.2 In addition, it is also suggested following investigation that there is no need to establish a Standards Committee for East Ayrshire.

7.3 The constituent elements and processes of the Council's decision making structure will continue to be subject to scrutiny and review in line with the arrangements established following the review carried out in compliance with the McNish Panel and supported by the Council's development of its Corporate Governance arrangements.

8. FINANCIAL/LEGAL/POLICY IMPLICATIONS - Nil.

9. RECOMMENDATIONS

9.1 It is recommended:-

- (i) that at this time there is no need for a separate further review of the Council's decision making structure;
- (ii) to note the provisions that exist for the scrutiny and review of the Council's decision making structure including issues pertaining to Standards of Conduct, under the Council's Corporate Governance arrangements; and
- (iii) to otherwise note the report.

David Montgomery
Chief Executive

24 November 2003
BW/SM
Enc (1)

LIST OF BACKGROUND PAPERS

E-mail response from East Ayrshire Council's family of Councils.

Any person wishing to inspect the background papers should contact Bill Walkinshaw, Administration Manager on Tel No (01563) 576135. Any person wishing further information on this report should contact Bill Walkinshaw, Administration Manager on Tel No (01563) 576135.

APPENDIX 1

REVIEW OF DECISION MAKING STRUCTURE

SUMMARY OF KEY OUTCOMES

1. RESOURCE CONTROL ISSUES

- 1.1 Recognised importance of Budget Monitoring Group mechanism in relation to financial monitoring and agreed should continue to be a feature of the Council's operation within revised structure. Agreed that the Budget Monitoring Group report to Policy and Resources Committee.

Note - following the review and the role of the Budget Monitoring Group it was envisaged that the practice of automatic reporting to Service Committees of routine budget statements would be discontinued. However, following review of operational requirements budget reports continue to be submitted to Service Committees for their information.

- 1.2 In respect of surplus property, the role of the Property Monitoring Group was to be strengthened in relation to its overview role and it was to subsume, through its reports to Policy and Resources Committee the existing separate Service Committee consideration of non-operational surplus property issues. (Decisions as to removing from operation operational property - ie property actually in current use - was to be taken by the appropriate Service Committees).

Note - the role of the Property Monitoring Group was not fully realised. However, the Corporate Governance Committee, at its meeting on 17 November 2003, approved a report dated 7 November 2003 by the Director of Development Services, which set out the key principles and objectives for asset management planning and the report further identified the way forward towards an Asset Management Planning Framework. Within this framework, the report recognised the existence of the Member/Officer Working Group on Property as one of a number of existing processes that would provide the basis from which asset management could be developed. A further report setting out an overall framework for asset management including the role of the Working Group will be considered by the Council in due course.

- 1.3. In relation to personnel issues, given the corporate interests identified during the review of the Leadership Structure, it was agreed that a Sub-Committee in charge of personnel matters should be re-emphasised and subsume the existing role of Service Committees in relation to these issues. Further agreed where an issue impacts on budgetary monitoring and control, Budget Monitoring Group should have similar right to consider issues and where appropriate refer to the Service Committee or Sub-Committee charged with personnel issues as it deems appropriate. Corporate Sub-Committee established as result to consider personnel issues (other than teachers).

2. QUASI-JUDICIAL FUNCTIONS

- 2.1** Process whereby the Licensing Sub-Committee Minutes were submitted to the Community Services Committee replaced by a separate Licensing Panel with Minutes being submitted direct to Council.
- 2.2** The system of both central and local decision making process for planning to be retained. A Development Services and Planning Committee to sit separately as a Planning Committee (when required) on a four-weekly basis.

3. APPEALS MECHANISMS

- 3.1** The review determined that the existing appeal mechanisms in relation to Housing, Education, Social Work and Personnel to remain unchanged.

4. SCRUTINY AND AUDIT

- 4.1** Policy and Resources Committee's role in relation to scrutiny strengthened. Proposed planned arrangement introduced for post-implementation scrutiny in appropriate cases.
- 4.2** No additional forum for prior scrutiny of policy or operation proposals. Service Committees to retain the role for prior consideration and debate for individual policy proposals. Policy and Resources Committee for cross-departmental policy. Council for final approval for both.
- 4.3** Current arrangements for question and challenge (a number of which already existed) to be formalised within new decision making structure, with Standing Orders and Scheme of Delegation being amended as required. This would provide for:-
- 15 minute question and answer session at Local Committee and the right of Community Representatives to set Agendas on local issues (already in operation).
 - Request for update/progress at Council on Minutes before the meeting (current practice).
 - Formal question process for Council (already in place).
 - Formal motion procedure at Council (already in place).
- 4.4** The Policy and Resources Committee to assume direct responsibility for scrutiny, audit and best value issues.
- Budget Monitoring Group to carry out scrutiny role for budget performance to report to Policy and Resources Committee referring to Service Committees issues requiring further investigation or corrective action.

- Best Value Scrutiny Review Groups established. Role and remit incorporated into revised Scheme of Delegation to reflect enhanced role.
- Provision made in Scheme of Delegation for Elected Members to request Policy and Resources Committee (with the rationale for the request), to refer issues for investigation to Best Value Scrutiny Groups and for Policy and Resources Committee to either approve the request, with the priority to be given in the programme or to refuse, giving the rationale for this.
- For audit issues, the system of annual action plans and reports to Policy and Resources Committee to be maintained. Audit Committee principles as set out within the Accounts Commission document: Local Government Reorganisation and the Stewardship of Public Finance formally incorporated into Policy and Resources Committee remit.

5. STANDARDS COMMITTEE

- 5.1** Review concluded that under the Ethical Standards and Public Life Etc (Scotland) Act 2000, the Council would have no investigatory or regulatory role in relation to Standard of Conduct, these being undertaken by the Chief Investigating Officer and Standards Commission respectively. It was also noted that should the Council at any point receive findings from the Standards Commission in respect of a Member of Council, these findings will require by law to be considered by the full Council, not by any Committee or Sub-Committee. Implementation of a Standards Commission finding would also not be at the discretion of the Council. Accordingly, the internal forum for Standards of Conduct issues would therefore focus on the provision of advice to Members on such issues. The Council consequently agreed that this role should be added to the remit of the Members' Services and Civic Ceremonial Sub-Committee which deals with amongst other things support issues for Members.